

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;  
Robert G. Taub, Vice Chairman;  
Mark Acton;  
Tony Hammond; and  
Nanci E. Langley

Competitive Product Prices  
Global Plus 1C Contracts (MC2012-6)  
Negotiated Services Agreements

Docket No. CP2013-43

ORDER APPROVING MODIFICATION TO  
GLOBAL PLUS 1C AGREEMENT

(Issued August 19, 2013)

I. INTRODUCTION

The Postal Service filed notice of a modification (Modification One) to the Global Plus 1C agreement (Agreement) previously approved in this docket.<sup>1</sup> Modification One consists of rate changes to existing Annex 3, which provides prices for Commercial ePacket service, and the addition of a paragraph to Article 6, which addresses obligations of the Postal Service. *Id.*, Attachment 1 at 1-2. The new paragraph requires the Postal Service to provide a list of the countries to which Commercial ePacket service is available to the contract partner. *Id.* at 2.

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<sup>1</sup> Notice of the United States Postal Service of Filing Modification to Global Plus 1C Negotiated Service Agreement, August 8, 2013 (Notice). The Notice was filed pursuant to 39 C.F.R. § 3015.5. *Id.* at 1.

For the reasons stated below, the Commission approves the inclusion of the Agreement, as revised by Modification One, on the competitive product list.

## II. BACKGROUND

In Order No. 1642, the Commission approved the inclusion of the Agreement that is the subject of this docket within the Global Plus 1C product on the competitive product list.<sup>2</sup> In Order No. 1804, the Commission provided public notice of the Postal Service's filing of Modification One, re-opened the original docket for consideration of matters raised by the Notice, and took other administrative steps.<sup>3</sup>

## III. THE POSTAL SERVICE POSITION

The Postal Service asserts that the Agreement, as revised by Modification One, complies with 39 U.S.C. § 3633 and 39 C.F.R. § 3015.5. Notice at 1. The certification required by 39 C.F.R. § 3015.5(c)(2) states that the Agreement, as revised by Modification One, should cover its attributable costs, avoid the subsidization of competitive products by market dominant products, and should not impair the ability of competitive products as a whole to cover an appropriate share of institutional costs. *Id.*

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<sup>2</sup> See Order Approving Additional Global Plus 1C Negotiated Service Agreement, January 28, 2013 (Order No. 1642).

<sup>3</sup> Notice and Order Concerning Modification to Global Plus 1C Negotiated Service Agreement, August 9, 2013 (Order No. 1804).

#### IV. COMMENTS

The Public Representative filed comments on August 16, 2013.<sup>4</sup> No other comments were received. The Public Representative reviewed all documentation filed publicly and under seal, including the financial workpapers for Modification One. *Id.* at 2. Based on that review, she concludes that Modification One is consistent with 39 U.S.C. §§ 3632, 3633, and 3642, as well as 39 C.F.R. § 3015.5 and 39 C.F.R. part 3020, subpart B. *Id.* at 3.

#### V. COMMISSION ANALYSIS

*Scope and nature of review.* The Commission's responsibilities in this case are to ensure that the Agreement, as revised by Modification One, continues to: (1) qualify as functionally equivalent to the Global Plus 1C baseline agreements (Docket Nos. CP2012-12 and CP2012-13); and (2) satisfy the requirements of 39 U.S.C. § 3633 and applicable Commission rules (39 C.F.R. §§ 3015.5 and 3015.7).

*Functional equivalence.* Modification One changes the Agreement in two ways—by adjusting Commercial ePacket rates in the existing Annex 3 and by adding a new paragraph to Article 6. Notice at 1. The new paragraph creates an obligation that the Postal Service provide periodic notice to its contracting partner of the countries to which Commercial ePacket service is available. *Id.*, Attachment 1 at 2. Neither of these revisions affects the Commission's prior finding of functional equivalence with the Global Plus 1C baseline agreements because neither revision is a material departure from the baseline agreements. Thus, the Agreement, as revised by Modification One, may be included within the Global Plus 1C product.

*Cost considerations.* The Commission has reviewed the Notice, supporting financial analyses provided under seal, and the Public Representative's comments. Based on this review, the Commission finds that the Agreement, as revised by

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<sup>4</sup> Public Representative Comments on Notice of United State Postal Service of Filing Modification to Global Plus 1C Negotiated Service Agreement, August 16, 2013 (PR Comments).

Modification One, should cover its attributable costs, as required by 39 U.S.C. § 3633(a)(2). It finds that the Agreement, as revised by Modification One, should not result in competitive products being subsidized by market dominant products as prohibited by 39 U.S.C. § 3633(a)(1). The Commission also finds the Agreement, as revised by Modification One, should have a positive effect on competitive products' contribution to institutional costs, consistent with 39 U.S.C. § 3633(a)(3). Accordingly, a preliminary review of the Agreement, as revised by Modification One, indicates that it is consistent with the provisions applicable to rates for competitive products.

*Follow-up submissions.* The Postal Service shall promptly notify the Commission of the effective date of Modification One. The Postal Service shall promptly notify the Commission if the Agreement, as revised by Modification One, terminates prior to the expiration date set forth in the Agreement and shall provide the date of any such termination. In addition, within 30 days of the expiration or termination of the Agreement, as revised by Modification One, the Postal Service shall file costs, volumes, and revenues disaggregated by weight and country group associated with the Agreement, including any penalties paid.

## VI. ORDERING PARAGRAPHS

*It is ordered:*

1. The Global Plus 1C Agreement approved in Docket No. CP2013-43, as revised by Modification One, is included within the Docket No. MC2012-6 Global Plus 1C product.
2. The Postal Service shall promptly notify the Commission of the effective date of Modification One to the Agreement.

3. The Postal Service shall promptly notify the Commission if the Agreement, as revised by Modification One, terminates prior to the expiration date set forth in the Agreement and shall provide the termination date in any such filing.
4. Within 30 days of expiration or early termination of the Global Plus 1C Agreement approved in Docket No. CP2013-43, as revised by Modification One, the Postal Service shall file costs, volumes, and revenues disaggregated by weight and country group associated with the Agreement, including any penalties paid.

By the Commission.

Shoshana M. Grove  
Secretary